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Counsel for Ad Hoc Group of Subrogation Claim Holders

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION,

-and-

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

- ☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric
Company
☒ Affects both Debtors

** All papers shall be filed in the lead case,
No. 19-30088 (DM)*

Chapter 11
Bankr. Case No. 19-30088 (DM)
(Jointly Administered)

**OBJECTION OF THE AD HOC GROUP OF
SUBROGATION CLAIM HOLDERS TO THE
PROPOSED DISCLOSURE STATEMENT
FOR DEBTORS' AND SHAREHOLDER
PROPOSERS' JOINT CHAPTER 11 PLAN
OF REORGANIZATION**

Date: March 10, 2020
Time: 10:00 a.m. (PT)
Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
San Francisco, CA 94102

1 The Ad Hoc Group of Subrogation Claim Holders (the “**Ad Hoc Subrogation Group**”) in the
2 above-captioned chapter 11 cases of PG&E Corporation and Pacific Gas and Electric Company
3 (collectively, “**Debtors**”), by its attorneys Willkie Farr & Gallagher LLP and Diemer & Wei, LLP,
4 hereby submits this objection (“**Objection**”) to the *[Proposed] Disclosure Statement for Debtors’*
5 *and Shareholders Proponents’ Joint Chapter 11 Plan of Reorganization* (the “**Disclosure**
6 **Statement**”) [Docket. No. 5700].¹ In support of this Objection, the Ad Hoc Subrogation Group
7 respectfully represents as follows:

8 **OBJECTION**

9 Section 4.23(f)(ii) of the *Debtors’ and Shareholder Proponents’ Joint Chapter 11 Plan of*
10 *Reorganization* (the “**Plan**”) [Docket No. 5590] provides that “any settlement or other agreement
11 with any holder or holders of a Fire Victim Claim that fixes the amount or terms for satisfaction of
12 such Claim” shall be conditioned on the holder(s) of such Fire Victim Claim “contemporaneously
13 execut[ing] and deliver[ing] a release and waiver of any potential made-whole claims” that is
14 substantially in the form attached as Exhibit C to the Plan (the “**Mutual Made Whole Release**”).
15 On March 3, 2020, the TCC filed the *Notice of Filing of Proposed Fire Victim Trust Agreement and*
16 *Proposed Fire Victim Claims Resolution Procedures* (the “**Fire Victim Trust Agreement**”) [Docket
17 No. 6049] which contains at least two provisions that are inconsistent with the Plan, including the
18 Mutual Made Whole Release.² First, section 1.4(f) of the Fire Victim Trust Agreement “requires all
19 holders of Approved Fire Victim Claims to execute a release substantially in the same form and
20 content as and [sic] the Mutual Made Whole Release attached hereto...as a precondition to receiving
21 *a final* payment.” (emphasis added). This provision contradicts section 4.23(f)(ii) of the Plan because
22 it shifts the timing of when the Mutual Made Whole Release must be executed from when the
23 “amount or terms” of the settlement is finalized to before the “final payment,” which may be
24 significantly later in time. The Ad Hoc Subrogation Group hopes section 1.4(f)’s language is simply
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26 ¹ Capitalized terms used but not defined shall have the meanings ascribed in the Disclosure Statement.

27 ² Although this issue was not raised in the Ad Hoc Subrogation Group’s bullet point objections that were required
28 to be submitted to the Debtors by February 28, the issue could not have been raised at that time because the Proposed Fire
Victim Trust Agreement and Proposed Fire Victim Claims Resolution Procedures had not yet been filed at that time.

1 an inadvertent drafting error given that Article VI of the Fire Victim Claims Resolution Procedures
2 [Docket 6049, Exhibit B] provides that claimants must submit executed Made-Whole Releases
3 “before receiving payment from the Trust.”³

4 *Second*, section 2.2(f)(iv) of the Fire Victim Trust Agreement provides that the Trustee of the
5 Fire Victim Trust (with the consent of the Fire Victim Trust Oversight Committee) may “change the
6 form of the releases to be provided pursuant to the [Fire Victim Claims Resolution Procedures] or
7 this Trust Agreement.” The releases referenced in Section 2.2(f)(iv) include the Mutual Made Whole
8 Release, which was the product of substantial arm’s length negotiations between the Ad Hoc
9 Subrogation Group, Official Committee of Tort Claimants (the “TCC”) and lawyers for individual
10 plaintiffs. Allowing any amendments to the Mutual Made Whole Release —especially without the
11 consent of the beneficiaries of the subrogation claims trust—raises substantial risk that the Mutual
12 Made Whole Release actually executed by claimants may differ from the form release presently
13 attached to the Plan, resulting in another conflict between the Plan and the Fire Victim Trust
14 Agreement.

15 The Ad Hoc Subrogation Group has reached out to members of the leadership of the
16 Consenting Fire Claimant Professionals to discuss these provisions. We are hopeful that this was an
17 oversight and can be resolved consensually. Until we are able to resolve these issues we file this
18 pleading and reserve all rights.

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27 ³ Article VI could be made more consistent with the Plan by noting that the release is a condition to “settlement”
28 rather than a condition to payment.

1 Dated: March 6, 2020

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3 **WILLKIE FARR & GALLAGHER LLP**

4
5 /s/ Matthew A. Feldman

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